

MEMORANDUM FOR: SPECIAL ASSISTANT, INTELLIGENCE, DEPARTMENT  
OF STATE  
ASSISTANT CHIEF OF STAFF, G-2, DEPARTMENT  
OF THE ARMY  
DIRECTOR OF NAVAL INTELLIGENCE, DEPARTMENT  
OF THE NAVY  
DIRECTOR OF INTELLIGENCE, HEADQUARTERS, UNITED  
STATES AIR FORCE  
DIRECTOR OF INTELLIGENCE, ATOMIC ENERGY  
COMMISSION  
DEPUTY DIRECTOR FOR INTELLIGENCE, THE JOINT STAFF  
ASSISTANT TO THE DIRECTOR, FEDERAL BUREAU OF  
INVESTIGATION

SUBJECT: Intelligence Deficiencies Revealed in SE-27

1. The Office of National Estimates has reviewed with the IAC representatives the intelligence deficiencies in SE-27. These have been presented in Enclosure A.

2. Inasmuch as the intelligence deficiencies are primarily in regard to economic matters, I have requested Mr. Amory, as the Chairman of the Economic Intelligence Committee (EIC), to take up with that Committee as an urgent matter:

a. The review of existing guidance in this field to collection agencies;

b. Action required to fill the specific gaps as pointed out on page four of the enclosure relating to seaborne exports from the Communist bloc to Communist China and railroad transportation;

c. Consideration of what additional research facilities within the community should be provided in order to strengthen our research in this field.

3. I am requesting Mr. Amory to make available to me and to the other IAC members a progress report within six weeks.

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4. The statement of intelligence deficiencies points out needs for coordinating, translating, indexing, and distributing the material already available on Communist China. I have requested Mr. Reber, the Assistant Director for Intelligence Coordination to look into this question with the IAC agencies and similarly to submit a report to me and the IAC within six weeks. In connection with this Mr. Reber will keep in close touch with Mr. Amory and will seek the advice of the EIC Subcommittee on Requirements.

WALTER B. SMITH  
Director

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MEASURES WHICH CIA OFFICES HAVE TAKEN OR WILL TAKE TO CORRECT THE INTELLIGENCE DEFICIENCIES REVEALED IN SE-27

1. The CIA offices have reported the following actions to improve intelligence coverage in Communist China, particularly with respect to economics:

a. The Office of Training is planning to establish a course designed to develop competence in the reading of Chinese newspapers. It is also taking the initiative to discuss with production offices in the Agency additional Chinese language training programs as they may require.

b. The Industrial Register in the Office of Collection and Dissemination will in 1953 increase its staff working in the Far East from nine to sixteen people.

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e. The Foreign Documents Division is issuing economic reports, resulting from exploitation, at the rate of about ten per month. The source materials consist of 32 Communist Chinese newspapers and a substantial volume of periodicals, monographs, pamphlets, and other documents irregularly received. Eleven out of 17 analysts are currently assigned to exploitation for economic information. The T/O requested for next year would add 13 positions.

f. Ethnic group studies prepared by the Contact Division should assist the field officers in their exploitation of intelligence potential of [REDACTED] and [REDACTED]. Such exploitation will be strengthened by additional alien consultants. The IAC agencies, new comprehensive requirements which will define the existing intelligence gaps.

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g. DD/I is exploring the possibility of improvement through closer coordination with [REDACTED]

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h. ORR is shown in SE-27 post-mortem as having only the equivalent [REDACTED] full-time analysts at work on the economy of China. The new T/O submitted by AD/RR calls for [REDACTED] analysts to work exclusively on this area as follows:

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Economic Analysis Division  
Economic Defense Division  
Industrial Division  
Materials Division  
Services Division  
(Trade and Organizations)  
Strategic Division  
(Trade and Regional Studies)

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Because of the functional organization of RR the foregoing only gives a partial picture. The new research program for 1993 now being drafted will focus attention on all important sectors of the Chinese economy and bring to bear the talents of industrial and technical specialists to an extent equivalent to another thirty full-time analysts' time.

MEMORANDUM FOR: Deputy Director (Plans)

SUBJECT: Intelligence Deficiencies Revealed in SE-27

1. As a means of improving our national estimates, ONE prepares statements of intelligence deficiencies on recent estimates as a basis for remedial action. It has recently done so with respect to SE-27, "Probable Effects of Various Possible Courses of Action with Respect to Communist China." (TAB A)
2. It has been suggested by the Office of Current Intelligence that increased coordination with [REDACTED] would be the most productive source of intelligence information on Communist China. It is hoped that some improvement in field evaluation would also assist our researchers in appraisal of that information.
3. I am asking Mr. Reber to work with your designee on this problem.

LOFTUS E. BECKER  
Deputy Director (Intelligence)

cc: Signer - 2  
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